



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169



January 13, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**STATUS REPORT ON OVERTIME IMPLEMENTATION AS RECOMMENDED
BY THE AUDITOR-CONTROLLER'S AUDIT REPORTS**

As requested by your Board on December 16, 2003, the following is the Sheriff's Department's implementation status of recommendations made in the Auditor-Controller's July 7, 1997, Final Phase Report and December 15, 2003, Budget Audit Final Report, specifically in the area of overtime management and monitoring.

Auditor-Controller's Final Phase Report - July 7, 1997

This report referenced three recommendations relating to overtime management.

Recommendation 1 - The Department implements stricter overtime controls and centrally monitor for compliance.

Status: Implemented. Since the Sheriff's January 8, 2003 (reported partial implementation at the time), response to the Auditor-Controller (see attached), the Department has fully implemented stricter overtime controls by:

- Updated the roster of personnel authorized to sign employee time sheets, overtime worked reports and absence requests;
- Provided a mandatory time and attendance training to timekeeping personnel to accept only the authorized signatures and to ensure all timekeeping-related documents have appropriate levels of reviews and accuracy;
- Assigned timekeeping supervisors to work in the regions to provide adequate oversight and to ensure all timekeeping personnel comply with overtime policies and procedures.

A Tradition of Service

Additionally, the Department's Executive Planning Council (EPC), which comprises the Sheriff, the Undersheriff, Assistant Sheriffs and Chiefs, continues to aggressively monitor overtime expenditures centrally. After each County's pay period, the up-to-date overtime spending information is posted on an EPC bulletin board for weekly discussion and monitoring. It is a crucial goal of the EPC to ensure overtime expenditures are within the Department's budget allocations.

Recommendations 4 and 5 - The Department re-evaluates the amount budgeted for overtime. The Department evaluates overtime usage and reduces overtime by hiring additional employees in those instances where it is cost effective.

Status: Implemented. As stated in the Sheriff's Department's response on January 8, 2003, both recommendations have been implemented.

Auditor-Controller's Budget Audit Final Report - December 15, 2003

As you may recall, the Auditor-Controller retained two consulting firms, Thompson, Cobb, Bazilio and Associates and Altmayer Consulting, Inc., to review the County's budget practices related to the Sheriff's Department. In May 2003, the consultants issued their interim report; on December 15, 2003, their final report was submitted to your Board. In that final report, the consultants referenced two recommendations related to the Sheriff's Department's overtime management and budgeting.

Recommendation 3 - The Los Angeles Sheriff's Department (LASD) should consider developing a model for accurately projecting the Department's overtime resource needs.

Status: Under Review. The Sheriff's Department has formed an Overtime Working Committee (Committee) with representatives from each division to begin working on this recommendation.

Primarily, the task of the Committee will be to identify the types of overtime such as operational, routine, attending training, preparing for or testifying in court, filling in for vacant positions or injuries on duty and working on grant-funded programs. Secondly, the Committee will review and analyze the consultant's projection model to determine if the Department should proceed as suggested, or to begin developing a more suitable model. The first Committee meeting is scheduled for January 20, 2004.

Recommendation 4 - The LASD, in coordination with the Chief Administrative Office (CAO), should consider budgeting and tracking reimbursed overtime expenditures incurred in providing services to contract events, or in meeting grant requirements, separately from other overtime. The budget amounts for reimbursed overtime should be flexible to not discourage the use of this overtime.

Status: Under Review. Although the Sheriff's Department internally allocates reimbursed overtime separately from non-reimbursed overtime, the final expended amount, as recorded by the Countywide Accounting and Purchasing System (CAPS), shows a combined amount. The Committee will begin coordinating with the CAO to develop a better tracking mechanism to ensure that the use of reimbursable overtime is not discouraged.

Upon completion of our review, a final report will be forwarded to your Board.

Please feel free to call me at (323) 526-5000 if you have any questions, or your staff may call Chief Paul K. Tanaka, Administrative Services Division, at (323) 526-5488.

Sincerely,

A handwritten signature in black ink, appearing to read "Leroy Baca", with a stylized flourish at the end.

LEROY D. BACA
SHERIFF



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169



January 8, 2003

Mr. J. Tyler McCauley
Auditor-Controller
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 525
Los Angeles, California 90012

Dear Mr. McCauley:

**SHERIFF'S DEPARTMENT'S RESPONSE TO THE
FOLLOW-UP REVIEW REPORT**

Enclosed is the Sheriff's Department's response to the Auditor-Controller's June 25, 2002 "Follow-up Review Report" consisting of two 1997 fiscal audit reports and the 1997 KPMG Management Audit. The Department's response addresses four "not implemented" and nineteen "partially implemented" recommendations contained in the above referenced reports. Following the report are attachments reflecting the actions taken to implement certain recommendations.

If you have any questions, please call Paul K. Tanaka, Chief, Administrative Services Division, at (323) 526-5488.

Sincerely,

A handwritten signature in cursive script that reads "Leroy D. Baca".

LEROY D. BACA
SHERIFF

A Tradition of Service



BUDGET

Recommendation 3 April 15, 1997 Interim Report

The Sheriff and Chief Administrative Office (CAO) re-evaluate the individual components of the Department's budget to ensure that individually they represent the best estimate of expected results based upon past experience and current operating trends.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

The 2002-2003 Adopted Budget reduced the Sheriff's Department's Service and Supplies (S&S) budget by \$59.2 million to fund increases in Salary and Employee Benefits (S&EB). In October 2002, a budget status tracking board was developed to better analyze all revenue and expenditures with past and current operating trends. Target projections are compared to actual performance and are discussed bimonthly with all Department executives.

This recommendation has been implemented.



REVENUE BILLING AND COLLECTION

Recommendation 7 April 15, 1997 Interim Report

The Sheriff institute more aggressive revenue collection procedures for contract cities.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

In July 2002, the Department sent an e-mail to all contract city managers advising them that the Department would enforce the agreement terms of collecting interest on delinquent payments. The Department's, Special Accounts Unit also started attaching a second invoice to capture interest due on delinquent accounts for the contract cities.

In August 2002, Undersheriff Stonich issued a letter to all city managers reminding them of their obligation to pay for services in a timely manner and the Department's intent to enforce the interest due on delinquent payments.

In October 2002, new procedures for revenue collection were implemented and are attached for review (Attachment I).

In addition, the Department is in the process of implementing a fully automated billing system, Financial Information System (FIS2). Beginning January 1, 2003, this system will provide a new invoice which will include due dates. At this time, the Department is testing the system and anticipates it will be fully operational by January 31, 2003.

The Department has taken aggressive steps toward improving revenue collection from contract cities and also envisions additional improvements with the implementation of FIS2.

This recommendation has been implemented.

Recommendation 13 April 15, 1997 Interim Report

The Sheriff, whenever possible, requires up-front payment of charges and for those services for which the charge is not yet known, up-front deposits of estimated charges.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.



The Department has implemented this recommendation as it relates to film companies. However, procedures requiring all other private entities to provide an up-front payment have not been finalized.

In December 2002, the Department received approval from County Counsel to modify the private entity contracting process. The Department's Contract Law Enforcement Bureau is in the process of making revisions to the Department's Manual of Policies and Procedures and Field Operations Directives. In addition, an automated tracking system will be in place to monitor the collection of the required pre-payments, prior to the service being rendered.

The Department anticipates by April 2003, revisions to the policies and procedures for the collection of up-front payment and/or deposits related to all other private entity contracts will be completed.

The recommendation remains partially implemented.

Recommendation 14 April 15, 1997 Interim Report

The Sheriff discontinue providing service to the entities/individuals who have delinquent accounts.

The June 25, 2002, Auditor-Controller report indicated this recommendation was not implemented.

In December 2002, the Department consulted with County Counsel who approved the criteria for procedures relating to private entities. Currently, the Department is formulating procedures regarding discontinuation of services to those private entity contracts identified as having delinquent accounts.

The Department anticipates this recommendation to be implemented by April 2003.

Recommendation 15 April 15, 1997 Interim Report

The Sheriff establish a goal of billing for all services within 30 days of providing services and monitor for compliance.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.



In August 2002, the Department mandated that patrol stations submit documentation regarding services provided under contract be forwarded to the Department's Special Account Unit within five days from the date of service. Any patrol station that exceeds the five day limit will appear on a private entity invoice report and the unit commander will be contacted and reminded of the need for urgent delivery. Since August 2002, all patrol stations have complied. A sample of the report is attached (Attachment II).

This recommendation has been implemented.

Recommendation 16 April 15, 1997 Interim Report

The Sheriff establish criteria for determining uncollectible accounts.

The June 25, 2002, Auditor-Controller report indicated this recommendation was not implemented.

The Department has developed an outstanding invoice report which assists with determining uncollectible accounts. The County Fiscal Manual requires that three attempts to contact the debtor be made within 45 days. Accounts over 60 days are forwarded to the County Treasurer and Tax Collector. All three attempts are made and documented on the outstanding invoice report. A sample of an outstanding invoice and Treasurer and Tax Collector referral reports are attached for review (Attachment III).

This recommendation has been implemented.

Recommendation 17 April 15, 1997 Interim Report

The Sheriff perform an annual review of accounts receivable and write off uncollectible accounts.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

In order to assist in the write-off process, the Department has reorganized their documentation and storage of files. In addition, the Special Accounts Unit, identifies all accounts receivables that are not deemed collectible and prepares a collection report which is forwarded to the Treasurer and Tax Collector on an annual basis.

This recommendation has been implemented.



PAYROLL

Recommendation 1 July 7, 1997 Final Report

The Department implement stricter overtime controls and centrally monitor compliance.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

On July 12, 2002, the Department's Personnel Administration Pay and Leave Management Unit requested all units to submit a roster of personnel authorized to sign daily/weekly time sheets, overtime worked reports, absence requests, and swap slips. The listed personnel will be required to attend a mandated time and attendance training to ensure compliance.

The Department's Executive Planning Council (EPC) is aggressively monitoring overtime expenditures to ensure the Department does not overspend its overtime allocation. In addition, an internal audit of the timekeeping unit is being done to ensure that all timekeeping accountants are complying with overtime policies and procedures. The Department expects by March 2003, all timekeeping accountants will have assigned supervisors who will be geographically located to allow direct supervision.

The Department is working toward implementing stricter overtime controls and the ability to centrally monitor compliance; however, at this time this recommendation remains partially implemented.

Recommendation 2 and 3 July 7, 1997 Final Report

The Department re-instruct staff regarding the requirement to comply with its work schedule rules.

The Department implement monitoring procedures to ensure the rules are complied with.

The June 25, 2002, Auditor-Controller report indicated these recommendations were partially implemented.

The Department's scheduling policy and procedures were analyzed and modified to allow maximum operational flexibility and limit overtime expenditures. Prior to the changes in scheduling practice, it was necessary to direct employees to be off duty after working ten consecutive days. In most situations, this policy required the expenditure of overtime. The change in scheduling practices were important in the Department's effort to control overtime and to comply with County policy. The Department employs a variety of work schedules and shifts



to meet its diverse needs. Each unit commander has the authority to review and grant exceptions to scheduling policy, ensuring flexibility and providing direct accountability. On August 27, 2002, the Department's Personnel Administration Director sent a memorandum to the unit commander of Medical Services Bureau (MSB) to re-instruct all physicians to comply with the Physician's Memorandum of Understanding (Attachment IV). As discussed in the letter, when overtime hours have been exceeded, a violation notice will be issued and the appropriate manager will be notified to ensure corrective action.

In mid December, the Department's Personnel Administration Pay and Leave Management Unit conducted training for all timekeeping accountants. During the training, the importance of issuing time violation notices was emphasized. The regional time accountant supervisor will be responsible for ensuring compliance. A list of all employees who attended the training is available upon request.

These recommendations have been implemented.

Recommendation 12 July 7, 1997 Final Report

The Department implement an independent centralized payroll processing and monitoring function incorporating all timekeepers and which is supervised by staff with a payroll and compliance monitoring background.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

The Department has made substantial steps toward implementing an independent centralized payroll processing and monitoring function. Currently, the Department is evaluating procedures to reassign the timekeeping accountants to the Personnel Administration Pay and Leave Management Unit. Starting in March 2003, all timekeeping accountants will be managed by a regional time accountant supervisor who has compliance monitoring background and is geographically assigned to allow direct supervision.

Until the procedures are approved and implemented, this recommendation remains partially implemented.



Recommendation 4 July 7, 1997 Final Report

The Department re-evaluate the amount budgeted for overtime.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

The Department has been working cooperatively with the Chief Administrative Office (CAO) to adjust the Fiscal Year (FY) 2002-2003 overtime budget to reflect the projected expenditure amount. Between February and June 2002, the Department worked with the CAO to justify the requested \$90 million (a \$31.1 million increase over the FY 2001-2002) for the Department's FY 2002-2003 overtime budget, which was adopted by the Board of Supervisors. Further, the Department is aggressively monitoring and reporting overtime expenditures to its Executive Planning Council (EPC). This information is provided to the EPC on a bimonthly basis to ensure the Department does not overspend its overtime allocation.

This recommendation has been implemented.

Recommendation 5 July 7, 1997 Final Report

The Department evaluate overtime usage and reduce overtime by hiring additional employees in those instances where it is cost effective.

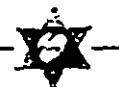
The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

In an effort to reduce the overtime usage, the Department aggressively recruited and hired over one thousand new employees between July 1999 and March 2001. These hiring did not result in the projected level of overtime reductions. As a result, the Department implemented alternative measures to evaluate and mitigate overtime expenditures.

A budget status tracking system has been developed to monitor overtime expenditures. These expenditures are discussed on a bimonthly basis with Department executives. Additionally, a "Weekly Divisional Non-Reimbursable Overtime Expenditure Report" is prepared and reviewed by the Chief of the Administrative Services Division. This report provides a breakdown of overtime hours charged by overtime category and position.

The Department has evaluated the reasons for overtime expenditures and believes that the cost of hiring additional employees does not necessarily commensurate a reduction in overtime expended.

This recommendation has been implemented.



Recommendation 9 July 7, 1997 Final Report

The Department require employees and supervisors to sign time cards.

In June 25, 2002, Audit-Controller report indicated this recommendation was partially implemented.

On July 12, 2002, the Department's Manual of Policy and Procedures was revised to more accurately reflect the timekeeping protocols established in the County Fiscal Manual, including procedures for employees signing their time records. Additionally, the Department's Pay and Leave Management Unit training staff briefed all timekeeping accountants on the necessity of entering data into the County-Wide Timekeeping and Payroll Personnel System (CWTAPPS) directly from the employees' signed time sheets, as opposed to the master time card. Finally, when Department and County timekeeping policies have been violated, the timekeeping accountants are required to submit violation notice forms to the appropriate management staff for review and disposition. A copy of the revised policy and procedures are attached for review (Attachment V).

This recommendation has been implemented.

Recommendation 10 July 7, 1997 Final Report

The Department strengthen controls to prevent overpayments related to workers' compensation.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

The Department has established a Worker's Compensation Processing Task Force and is developing an aggressive long-term plan to decrease overpayments of eligible Temporary Disability (TD) and Vocational Rehabilitation Maintenance Allowance (VRMA) cases by directly addressing the Initial Benefit Notice process.

In an effort to minimize the Department's workers' compensation overpayments and to ensure accurate payments, Personnel Administration's Pay and Leave Management Worker's Compensation Unit is collectively working with various workgroups, TRISTAR Risk Management (worker's compensation), and the Risk Management Bureau's Health and Safety Unit.

This recommendation remains partially implemented.



Recommendation 11 July 7, 1997 Final Report

The Department incorporate compliance with required payroll procedures into managers' performance evaluations.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

As noted in the auditor's report of June 25, 2002, the Department modified the reporting requirements on performance evaluations. The drafted revisions are posted on the Department's Intranet website. Revisions include a section identifying any person authorizing time approval who does not comply with County and Department rules should have it reflected in his/her performance evaluation.

By January 30, 2003, the modifications to the County Performance Evaluation Policy on performance evaluations will be submitted to the Department of Human Resources (DHR) for review and approval.

Pending approval by DHR, this recommendation will be implemented.



PROCUREMENT

Recommendation 14 and 23 July 7, 1997 Final Report

The Department require compliance with County purchasing guidelines and monitor to identify departures of corrective action.

The Department develop written purchasing procedures, and train staff on purchasing requirements.

The June 25, 2002, Auditor-Controller report indicated Recommendation 14 was not implemented and Recommendation 23 was partially implemented.

The Department is committed to making modifications to ensure compliance relating to the County's purchasing guidelines.

In September 2002, the Department provided procurement training for approximately 200 Department staff members from the various divisions. A list of all employees who attended the training is available upon request.

In October 2002, the Department initiated an internal audit of FY 2002-2003 non-agreement purchase order expenditures. This was done to identify purchases over \$5,000 and fragmented orders.

Recent revisions to the Department's Manual of Policy and Procedures were made to include disciplinary actions for violation of the County's purchasing and contracting policies. A copy of the revised policies are attached for review (Attachment VI).

On November 7, 2002, the Department, in conjunction with the Internal Services Department (ISD), conducted training on the County's procurement policies for all Sheriff's Department staff at the rank of Captain, Director and above. At the training, the Assistant Sheriff discussed the need to comply with procurement policies and advised that disciplinary action will be taken against those who do not follow the policies. A list of all employees who attended the training is available upon request.

In order to comply with the County's procurement policies, the Department has partially centralized the purchasing authority for non-agreement vendors. Division approval is required prior to all non-agreement vendor purchases. By reducing the number of people with the authority to approve such purchases, the Department better ensures that procurement policies are followed. Additionally, on December 6, 2002, a database was developed to monitor the activity for all service related purchase orders.

This recommendation has been implemented.



Recommendation 17 July 17, 1997 Final Report

The Department strengthen controls at the Central Jail pharmacy.

The June 25, 2002, Audit-Controller report indicated this recommendation was partially implemented.

The Department is working with a contract vendor, Cerner Jail Health Information System (JHIS) Procure-Net program, to implement a perpetual inventory system for non-narcotic drugs that include supervisor approval for online drug orders. Presently, the pharmacy staff receives verification of its online drug orders from the Department's primary drug vendor, and reviews all orders and documents for approval.

The Patient Management and Drug Distribution are two of the three components to the JHIS Procure-Net program scheduled for implementation. Once both systems are in place, the third component, Inventory Management and Procurement System may be installed, which will allow the Inventory Management and Drug Distribution to sustain an inventory of non-narcotic drugs and approval of all orders placed by the Central Jail pharmacy staff.

With the assistance of a perpetual inventory system, the Department believes controls have been strengthened at the Central Jail pharmacy; however, the date of full implementation for this system has not yet been determined.

This recommendation has been implemented.

Recommendation 18 July 7, 1997 Final Report

The Department require that all Aero Bureau purchases be pre-approved.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

The Department now requires Aero Bureau to obtain pre-approval for all non-agreement vendor purchases from their division headquarters. In addition, on December 4, 2002, the Department's Fiscal Administration, in conjunction with LSD, conducted procurement training for the Aero Bureau's staff to address their unique purchasing needs.

This recommendation has been implemented.



KPMG MANAGEMENT AUDIT REPORT ISSUED MAY 23, 1997

Recommendation 2

Evaluate the opportunity to improve management-staff ratios in operating regions.

The June 25, 2002, Audit-Controller report indicated this recommendation was not implemented.

In December 2002, the Department evaluated the sergeant to deputy ratios of the three operating regions. The number of sergeants and subordinate employees assigned to each unit was collected. The data revealed the average ratio of management per staff is 1:8.08. In 1997, the auditor-controller reported the ratio to be 1:5.9. Attached is a list of the average ratio of sergeants and their subordinate employees for every station within the regions (Attachment VII).

This recommendation has been implemented.

Recommendation 8

Evaluate the outsourcing of medical services as part of a comprehensive health care service strategy.

As directed by the Board of Supervisors (BOS) and the Chief Administrative Office (CAO), two reviews of the Department's Medical Services Bureau (MSB) were conducted. Currently, the findings are under attorney client privilege and must be reviewed and approved by County Counsel. Once the reports are released to the Department's management, the issue of outsourcing will be fully addressed.

This recommendation has not been implemented.

Recommendation 38

Complete and implement a comprehensive five-year civilianization plan.

The June 25, 2002, Auditor-Controller report indicated this recommendation was partially implemented.

In FY 1996-97, the Department developed a "Civilianization Plan" that incorporated the recommendations made by the State, The Grand Jury, and the KPMG Management Audit. Within the past six years, the Department has taken substantial steps towards identifying and



civilianizing sworn positions. For this fiscal year (2002-03), an additional 21 positions are pending review by the Department of Human Resources for reclassification and approval by the Chief Administrative Office.

During the intervening six years since these audit reports were issued, the Department has undergone considerable alterations; from changes in leadership and management to significant organizational restructuring. Many if not most of the positions identified in the original audits have either already been civilianized or have had their duties and responsibilities substantially changed since the audits. The Department believes it has acted in good faith to comply with the intent of this recommendation. Nevertheless, the Department continues to evaluate its needs and the duties and responsibilities of sworn personnel to determine the feasibility of civilianizing positions, beyond even those identified in the audits.